

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**AGENDA ID 15047
RESOLUTION E-4759
August 18, 2016**

**R E D A C T E D
R E S O L U T I O N**

Resolution E-4759 Approves Southern California Edison Company's request to enter into renewables portfolio standard power purchase agreements with Luz Solar Partners Ltd., III, IV, and V.

PROPOSED OUTCOME:

- This resolution approves cost recovery for three long-term renewable energy power purchase agreements between Southern California Edison and Luz Solar Partners Ltd., III, IV, and V. The power purchase agreements are approved without modification.

SAFETY CONSIDERATIONS:

- The power purchase agreements require the seller of the generation to comply with all applicable safety requirements relating to the projects including environmental laws.

ESTIMATED COST:

- Actual costs of the power purchase agreements are confidential at this time.

By Advice Letter 3300-E filed on October 28, 2015, and Advice Letter 3300-E-A filed on April 5, 2016.

SUMMARY

Southern California Edison Company's (SCE) renewable energy power purchase agreements (PPAs) with Luz Solar Partners Ltd., III, IV, and V (Luz III, IV, and V or Luz) comply with the Renewables Portfolio Standard (RPS) procurement guidelines and are approved without modification.

SCE filed Advice Letter (AL) 3300-E on October 28, 2015, and AL 3300-E-A on April 5, 2016 (collectively Luz AL), requesting California Public Utilities Commission (Commission or CPUC) review and approval of 10-year renewable energy PPAs with Luz III, IV, and V (Luz PPAs). The PPAs were executed through SCE's 2014 RPS solicitation (2014 RPS RFO). Pursuant to the PPAs, RPS-eligible generation will be purchased from the Luz facilities. The Luz facilities are located in Boron, CA, and have a capacity of 30 megawatts (MW) each, for a total of 90 MW. The Luz III, IV, and V PPAs are for power produced by the SEGS III, IV, and V projects at this site.

This Resolution approves the Luz PPAs. SCE's execution of these PPAs is consistent with SCE's 2014 RPS Procurement Plan (RPS Plan), which the Commission approved in Decision (D.) 14-11-042. In addition, RPS deliveries pursuant to the Luz PPAs are reasonably priced and the related costs to SCE are fully recoverable in rates over the life of the Luz PPAs, subject to Commission review of SCE's administration of the PPAs.

The following table provides a summary of the Luz PPAs:

Table 1: Summary of LUZ III-V PPAs:

Seller	Generation Type	Size (MW)	Estimated Average Energy (GWh/Yr)	Forecasted Commercial Operation Date	Term of Agreement (Years)	Location
Luz III	Solar Thermal -- Trough	30	67	March 1, 2017	10	Boron, CA
Luz IV	Solar Thermal -- Trough	30	69	March 1, 2017	10	Boron, CA
Luz V	Solar Thermal -- Trough	30	68	February 1, 2018	10	Boron, CA

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X).¹ The RPS program is codified in Public Utilities Code Sections 399.11-399.31.² Under SB 2 (1X), the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources is an amount that equals an average of 20 percent of the total electricity sold to retail customers in California for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020 and corresponding increases up to 50% by December 31, 2030.³

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

NOTICE

Notices of AL 3300-E and AL 3300-E-A (the Luz AL) were made by publication in the Commission's Daily Calendar. SCE states that copies of the Luz AL were mailed and distributed to the R.15-02-020 service list in accordance with Section 4 of General Order 96-B.

¹ SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

² All further references to sections refer to Public Utilities Code unless otherwise specified.

³ D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020).

PROTESTS

The Luz AL was not protested.

DISCUSSION

SCE requests approval of renewable energy power purchase agreements with Luz Solar Partners

On October 28, 2015, SCE filed AL 3300-E requesting Commission approval of three long-term RPS PPAs with Luz III, IV, and V. The Luz III-V projects are existing 30MW solar thermal-trough facilities located in Boron, CA. They have been in operation since the late 1980s. Pursuant to the Luz PPAs, SCE is to begin purchasing generation from Luz III and IV beginning March 1, 2017, and purchasing generation from Luz V beginning on February 1, 2018. The expected annual generation to be purchased from the three projects is 204 GigaWatt-hours (GWh). This generation could count towards SCE's RPS requirements in the 3rd Compliance Period (2017-2020) and beyond.

SCE requests that the Commission issue a resolution that:

1. Approves the Luz PPAs in their entirety;
2. Finds that the Luz PPAs are consistent with SCE's 2014 RPS Procurement Plan;
3. Finds that the Luz PPAs are compliant with the Emissions Performance Standard;
4. Finds that any procurement pursuant to the Luz PPAs is procurement from an eligible renewable energy resource for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (399.11 et seq.), Decision 03-06-071, or other applicable law; and
5. Finds that the Luz PPAs, and SCE's entry into them, are reasonable and prudent for all purposes, including, but not limited to, recovery in rates of payments made pursuant to the Luz PPAs, and administrative costs associated with the Luz PPAs, subject only to further review with respect to the reasonableness of SCE's administration of the Luz PPAs.

Energy Division Evaluated the Luz PPAs based on the following criteria:

- Consistency with RPS policies and requirements:

- SCE's 2014 RPS Procurement Plan and RPS Procurement Portfolio Need
- SCE's Least-Cost, Best-Fit requirements
- RPS Standard Terms and Conditions
- Portfolio Content Categories Requirements
- Long-Term Contracting Requirement
- Independent Evaluator (IE) review Requirements
- Procurement Review Group Requirements
- Net Market Value and Price Reasonableness
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard
- PPA Viability Assessment and Project Development Status
- Safety Considerations

Consistency with SCE's 2014 RPS Procurement Plan

SCE provided an assessment of supply and demand in its 2014 RPS Plan to determine the optimal mix of renewable generation resources, description of potential RPS compliance delays, status update of projects within its RPS portfolio, and an assessment of project failure and delay risk within its RPS portfolio. Specifically, SCE explained that its assessment for determining need is based on a forecast of bundled retail sales, performance and variability of existing generation, the likelihood of new generation achieving commercial operation, expected commercial on-line dates of facilities under contract, technology mix, expected curtailment, and the impact of pre-approved procurement programs, among other factors. Based on that assessment, SCE stated that it does not have a short-term RPS procurement need, but it does have a long-term RPS procurement need for renewable energy in the 2017-2020 Compliance Period and beyond.

Specifically, SCE stated in its 2014 RPS Plan the intention to procure additional RPS-eligible resources in order to satisfy its RPS requirements. The plan called for the issuance of a competitive solicitation for the purchase of RPS-eligible energy with deliveries beginning on or after January 1, 2016. In addition, SCE sought offers that would qualify as Portfolio Content Category 1 or 3, be for at least 10 years in length, and have a contract capacity of 500 kW or greater.

Based on SCE's RPS portfolio needs described in its 2014 RPS Plan, the Luz PPAs are consistent with SCE's 2014 RPS Plan. The Luz III-V PPAs are for generation from a proposed renewable energy resource⁴ with deliveries to begin on March 1, 2017 (Luz III & IV) and February 1, 2018 (Luz V). See Confidential Appendix A for details on SCE's updated forecasted RPS procurement needs.

The Luz PPAs are consistent with SCE's 2014 RPS Procurement Plan, approved by D.14-11-042.

Consistency with SCE's least-cost best-fit (LCBF) methodology

In D.04-07-029 and D.12-11-016, the Commission directs the utilities to use certain criteria in their LCBF selection of renewable resources.⁵ The decisions provide guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations. As described in its 2014 RPS Plan,⁶ SCE's LCBF bid evaluation includes a quantitative analysis and qualitative criteria. SCE's quantitative analysis is based on a market valuation that calculates the net market value of a bid, which is the net of a project's levelized benefits and costs. SCE's quantitative analysis or market valuation includes evaluation of price, transmission costs, integration cost, congestion costs, debt equivalence costs, as well as, energy, resource adequacy, and congestion benefits. SCE then ranks all conforming bids and creates a preliminary shortlist based on the net market value results.

In addition to the quantitative ranking of bids, SCE evaluates the qualitative attributes of proposals with the best net market values. SCE assesses factors such as location, project viability, portfolio fit, resource diversity, contract term length, counterparty concentration, and other attributes to eliminate or add projects to the final shortlist.

⁴ Assuming the Luz facilities receive the California Energy Commission certification as an eligible renewable resource.

⁵ Section 399.13(a)(4)(A).

⁶ SCE's 2014 RPS Procurement Plan, Appendix I.1.

In the Luz AL, SCE explains that the Luz PPAs are the result of SCE's 2014 RPS solicitation, which it evaluated and shortlisted the PPA bids consistent with its 2014 LCBF methodology.⁷ See the "Net Market Value and Cost Reasonableness" section of this resolution for a discussion of how the Luz PPAs compare to other offers from SCE's 2014 RPS solicitation and comparable RPS contracts executed by SCE in the 12 months prior to the PPA execution.

The Luz PPAs were evaluated consistent with the LCBF methodology described in SCE's 2014 RPS Procurement Plan.

Consistency with RPS Standard Terms and Conditions (STCs)

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, five of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently, the Commission further refined some of the STCs in D.10-03-021, as modified by D.11-01-025, D.13-11-024, and D.14-11-042.

The Luz PPAs include the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025, D.13-11-024, and D.14-11-042.

Consistency with Portfolio Content Categories

In D.11-12-052, the Commission defined and implemented portfolio content categories for the RPS program and authorized the Director of the Energy Division to require the investor-owned utilities to provide information regarding the proposed contract's portfolio content category classification in each advice letter seeking Commission-approval of an RPS contract. The purpose of the information is to allow the Commission to evaluate the claimed portfolio content category of the proposed RPS PPA and the risks and value to ratepayers if the proposed PPA ultimately results in renewable energy credits in another, less preferred, portfolio content category.

SCE claims in the Luz AL that the procurement pursuant to the PPA will be

⁷ SCE's 2014 RPS solicitation protocols, including its LCBF methodology, as described above, were approved by the Commission in D.14-11-042.

classified as Portfolio Content Category 1.⁸ To support its claim, SCE asserts that the Luz facilities will have their first point of interconnection within the California Independent System Operator (CAISO) control area, obtain and maintain certification as an eligible renewable energy resource, and perform all actions necessary to transfer the RECs to SCE. Additionally, pursuant to the Luz PPAs, the RECs associated with the electricity from Luz III-V will be delivered to SCE and not unbundled or transferred to another owner. SCE has not identified a risk that the Luz Projects will fail to deliver Category 1 RECs.

Consistent with D.11-12-052, SCE provided information in the Luz AL regarding the expected portfolio content category classification of the renewable energy credits procured pursuant to the Luz PPAs.

In this Resolution, however, the Commission makes no determination regarding the Luz PPAs' portfolio content category classification or if resale conditions are met. The RPS contract evaluation process is separate from the RPS compliance and portfolio content category classification process, which requires consideration of several factors based on various showings in a compliance filing. Thus, making a portfolio content category classification determination in this resolution regarding the procurement considered herein is not appropriate. SCE should incorporate the procurement resulting from the approved Luz PPAs and all applicable supporting documentation to demonstrate portfolio content category classification in the appropriate compliance showing consistent with all applicable RPS program rules.

Consistency with Long-Term Contracting Requirement

In D.12-06-038, the Commission established a long-term contracting requirement that must be met in order for retail sellers to count RPS procurement from contracts less than 10 years in duration for compliance with the RPS program.⁹ In order for the procurement from any short-term contract(s) signed after June 1, 2010, to count for RPS compliance, the retail seller must execute long-term contract(s) in the same compliance period in which the short-term contract(s) is

⁸ Luz AL at 15-16.

⁹ For the purposes of the long-term contracting requirement, contracts of less than 10 years duration are considered "short-term" contracts. (D.12-06-038).

signed. The volume of expected generation in the long-term contract(s) must be sufficient to cover the volume of generation from the short-term contract(s).¹⁰ The Luz PPAs are for a 10 year term and were executed during Compliance Period 2014-2016.

Because the Luz PPAs are 10 years in length, the long-term contracting requirement does not apply to SCE's procurement pursuant to the Luz PPAs, and the Luz PPAs will contribute to SCE's long-term contracting requirement established in D.12-06-038 for Compliance Period 2014-2016.

Independent Evaluator Review

SCE retained Merrimack Energy Group, Inc. as the independent evaluator ("IE") to oversee its 2014 RPS solicitation. In addition, Merrimack oversaw the negotiations with Luz and evaluated the overall merits of the Luz PPAs. AL 3300-E included a public and confidential version of the IE's report.

The IE states in its report that overall the Luz PPAs merit Commission approval because the agreement was reasonably negotiated with contract terms that, when taken as a whole, appropriately protect the interests of SCE's ratepayers. Specifically, the IE states the Luz PPAs provide qualitative benefits such as resource diversity, project viability benefits, and portfolio fit. Overall, the IE agrees with SCE that the Luz PPAs merit Commission approval.

Consistent with D.06-05-039, an independent evaluator oversaw SCE's negotiations with Luz.

Procurement Review Group (PRG) Participation Requirement

The PRG was initially established in D.02-08-071 to review and assess the details of the investor owned utilities' (IOU's) overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement

¹⁰ Pursuant to D.12-06-038, the methodology setting the long-term contracting requirement is: 0.25% of Total Retail Sales in 2010 for the first compliance period; 0.25% of Total Retail Sales in 2011-2013 for the second compliance period; and 0.25% of Total Retail Sales in 2014-2016 for the third compliance period.

processes prior to submitting filings to the Commission as a mechanism for procurement review by non-market participants.

Participants in SCE's PRG include representatives from the Office of Ratepayer Advocates, California Department of Water Resources, Union of Concerned Scientists, Sierra Club, The Utility Reform Network, and the California Utility Employees. In the Luz AL, SCE asserts that the proposed execution of the Luz PPAs was presented to its PRG at the July 1, 2015 meeting.¹¹

Consistent with D.02-08-071, SCE's Procurement Review Group participated in the review of the Luz PPAs.

Net Market Value and Price Reasonableness

The Commission's reasonableness review for RPS PPAs includes a comparison of the proposed PPA's net market value and price relative to other RPS offers received in recent RPS solicitations. Additionally, the Commission compares the PPA's net market value to comparable contracts executed by the IOU in the 12 months prior to the proposed PPA's execution date. Using this methodology and the confidential analysis provided by SCE in the Luz AL, the Commission finds that the net market value of the Luz PPAs are competitive to other RPS offers received by SCE and that the costs of the Luz PPAs are reasonable. See Confidential Appendix A for a detailed discussion of the analysis.

The Luz PPAs compare reasonably from a net market value and cost basis relative to RPS offers received in SCE's 2014 RPS solicitation and comparable contracts executed by SCE in the 12 months prior to executing the Luz PPAs.

Payments made by SCE under the Luz PPAs are fully recoverable in rates over the life of the PPAs, subject to Commission review of SCE's administration of the PPAs and any other conditions contained herein or required by law.

¹¹ Luz AL at 18.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard (EPS)

Pub. Util. Code Sections 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers.¹²

D.07-01-039 adopted an interim EPS that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas emissions of a combined-cycle gas turbine power plant. Generating facilities using certain renewable resources are deemed compliant with the EPS.¹³

Pursuant to D.07-01-039, solar thermal – trough generating facilities are deemed EPS-compliant.¹⁴ The Luz Projects are solar thermal facilities and therefore meet this requirement.

PPA Viability and Project Development Status

The generation to be delivered pursuant to the Luz PPAs is from online and operating facilities that have been certified by the CEC as RPS-eligible. The Luz III-V facilities have been operating since January 26, 1987, January 20, 1987, and January 1, 1988, respectively. It is reasonable to expect that Luz III-V will meet the terms and conditions of their PPAs.

Safety Considerations

¹² “Baseload generation” is electricity generation at a power plant “designed and intended to provide electricity at an annualized plant capacity factor of at least 60%.” Pub. Util. Code §8340 (a).

¹³ D.07-01-039, Attachment 7, p. 4.

¹⁴ D.07-01-039 at p.226, Conclusion of Law 35: Based on the record in this proceeding, it is reasonable to make an upfront determination that the following renewable resources and technologies are EPS-compliant: (a) Solar Thermal Electric (with up to 25% gas heat input), (b) Wind, (c) Geothermal, with or without reinjection, (d) Generating facilities (e.g., agricultural and wood waste, landfill gas) using biomass that would otherwise be disposed of utilizing open burning, forest accumulation, landfill (uncontrolled, gas collection with flare, gas collection with engine), spreading or composting.

Section 451 requires that every public utility maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities to ensure the safety, health, and comfort of the public.

SCE's 2014 *pro forma* PPA includes safety provisions, which require the seller to operate the generating facility in accordance with "Prudent Electrical Practices," as defined in the *pro forma* PPA. Specifically, these provisions require that all sellers comply with all applicable requirements of law to ensure the safety, health, and comfort of the public and take all reasonable steps to ensure that the generation facility is planned, constructed, owned, operated, maintained, and decommissioned in a safe manner. It also includes a provision that requires a report from an independent engineer certifying that the seller has a written plan for the safe construction and operation of the generating facility in accordance with Prudent Electrical Practices. The seller must also provide the report to SCE prior to the commencement of any construction activities on the project site. The Luz PPAs include all of these provisions as written in SCE's approved 2014 *pro forma* PPA. Thus, based on the information before us, the Luz projects do not appear to result in any adverse safety impacts on facilities or operations of SCE.

The Commission reviewed the Luz III, IV, and V facilities' Occupational Safety & Health Administration (OSHA) records since 2011. No events occurred in this time period that required a labor inspection. Consequently, it appears that the Luz III, IV, and V projects conduct their operations consistent with the safety and health standards of OSHA.

RPS Eligibility and CPUC Approval

Pursuant to Section 399.13, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "Eligible Renewable Energy Resource," that the project's output delivered to the buyer qualifies under the requirements of the RPS, and that the seller uses

commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.¹⁵

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires “CPUC Approval” of a PPA to include an explicit finding that “any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), D.11-12-020 and D.11-12-052, or other applicable law.”¹⁶

Notwithstanding this language, given that the Commission has no jurisdiction to determine whether a project is an “Eligible Renewable Energy Resource” for RPS purposes, this finding and the effectiveness of the non-modifiable “eligibility” language is contingent on CEC’s certification of the Luz III-V projects as “Eligible Renewable Energy Resources.” The contract language that procurement pursuant to the Luz PPAs “is procurement from an eligible renewable energy resource” must be a true statement at the time of the first delivery of energy, not at the signing of the PPA or at the issuance of this resolution.

While we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation absent CEC certification. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of such contracts.

Confidential Information

The Commission, in implementing Section 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market

¹⁵ See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

¹⁶ See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, including price, is confidential for three years from the date the contract states that energy deliveries begin, or until one year following contract expiration, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked “[REDACTED]” in the public copy of this resolution, as well as the confidential portions of the Luz AL and AL 3300-E-A, remain confidential at this time.

COMMENTS

The Luz AL is an uncontested matter in which this Resolution grants the relief requested. Accordingly, pursuant to Pub. Util. Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment was waived. This Resolution will be placed on the Commission’s Meeting Agenda directly for prompt action.

FINDINGS

1. The Luz Solar Partners Ltd. III-V power purchase agreements are consistent with SCE’s 2014 Renewables Portfolio Standard Procurement Plan, as approved by D.14-11-042.
2. The Luz Solar Partners Ltd. III-V power purchase agreements were evaluated consistent with the LCBF methodology described in SCE’s 2014 RPS Procurement Plan
3. The Luz Solar Partners Ltd. III-V power purchase agreements include the Commission adopted Renewables Portfolio Standard “non-modifiable” standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025, and D.13-11-024.
4. Consistent with D.11-12-052, SCE provided information in Advice Letter 3300-E regarding the expected portfolio content category classification of the renewable energy credits to be procured pursuant to the Luz Solar Partners Ltd. III-V power purchase agreements.
5. Because the Luz Solar Partners Ltd. III-V power purchase agreements are longer than 10 years, the long-term contracting requirement does not apply to

SCE's procurement pursuant to the Luz Solar Partners Ltd. III-V power purchase agreements. The Luz Solar Partners Ltd. III-V power purchase agreements will contribute to SCE's long-term contracting requirement established in D.12-06-038 for Compliance Period 2014-2016.

6. Consistent with D.06-05-039, an independent evaluator oversaw SCE's 2014 Renewables Portfolio Standard procurement solicitation and SCE's negotiations with Luz Solar Partners Ltd.
7. Consistent with D.02-08-071, SCE's Procurement Review Group participated in the review of the Luz Solar Partners Ltd. III-V power purchase agreements.
8. The Luz Solar Partners Ltd. III-V power purchase agreements compare reasonably from a net market value and cost basis relative to RPS offers received in SCE's 2014 RPS solicitation.
9. Pursuant to D.07-01-039, solar thermal – trough generating facilities are deemed Emissions Performance Standard compliant. The Luz III-V projects are solar thermal facilities and therefore meet this requirement.
10. It is reasonable to expect that Luz Solar Partners Ltd. III-V power purchase agreements will be able to meet the terms and conditions in the Luz Solar Partners Ltd. III-V power purchase agreements as the facilities are already constructed.
11. The immediately preceding finding shall not be read to allow generation from a non-Renewables Portfolio Standard eligible renewable energy resource under this power purchase agreement to count towards an RPS compliance obligation. Nor shall that finding absolve SCE of its obligation to enforce compliance with this power purchase agreement.
12. Procurement pursuant to the Luz Solar Partners Ltd. III-V power purchase agreements must be procurement from an eligible renewable energy resource certified by the California Energy Commission for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Sections 399.11, *et seq.*), D.03-06-071 and D.06-10-050, or other applicable law on or before the first delivery of energy.
13. Payments made by SCE pursuant to the Luz Solar Partners Ltd. III-V power purchase agreements are fully recoverable in rates over the life of the power purchase agreements, subject to Commission review of SCE's administration of the power purchase agreements and any other applicable Commission review.

14. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
15. Advice Letters 3300-E and 3300-E-A should be approved effective today.

THEREFORE IT IS ORDERED THAT:

1. The request of the Southern California Edison Company for review and approval of three power purchase agreements with Luz Solar Partners III, IV and V Ltd. as requested in Advice Letter 3300-E and AL 3300-E-A is approved without modification.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 18, 2016; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

Confidential Appendix A

REDACTED

Confidential Appendix B

REDACTED